

# Youth Opportunities Program



YOP

## **Guidelines for Processing Tax Credits**

### **Eligible Contributions**

- (1) The allowable tax credits for contributions are: 30% for property contributions (real or personal), 50% for monetary contributions, and 50% for wages paid to youth participating in an approved internship, apprenticeship or employment project.
- (2) Contributions that qualify for tax credits are as follows:
  - (A) Monetary
  - (B) Stocks and Bonds
  - (C) Materials, supplies, equipment
  - (D) Real Estate
  - (E) Wages paid to youth participating in an approved internship, apprenticeship or employment program
- (3) Tax credits for wages paid to youth participating in an approved internship, apprenticeship or employment project shall not exceed \$10,000 in credits per youth, per tax period.
- (4) Only contributions made to the approved YOP project during the agreed upon fund raising period are eligible for credits.
- (5) There is no minimum contribution set by the Department of Economic Development.

### **Restrictions On Contributions**

- (1) Non-cash contributions qualify only if the contributed goods are needed specifically to carry out project activities covered by the approved YOP agreement and included in the YOP budget or amendments. Items are valued at the lesser of either the fair market value or cost to the contributor and may include reasonable overhead costs incurred by the contributor in making the contribution, such as transportation or shipping. In no case shall the value of the contributed items include sales tax.
- (2) Contributions of labor and professional services do not qualify for YOP tax credits.
- (3) Contributions to pay for fund raising activities do not qualify for YOP tax credits.
- (4) Contributions must be made directly to the administering organization.
- (5) Contributions must be directly utilized by the YOP project. Contributions of items that will be sold or auctioned off are not eligible for YOP tax credits.
- (6) Monetary contributions must be made from the donor's account from which the credit is to be certified. Contributions made from a tax-exempt account or fund are not eligible for tax credits.
- (7) In order for credit to be given in the contribution of buildings and other real estate:
  - Title must be held free and clear by the contributor.

- Credit is based on the lesser of two independent appraisals conducted by state-certified or state-licensed appraisers. Appraisals must be performed no more than 18 months prior to date of contribution. Only one appraisal is required unless the property is:
  - Commercial property with appraised value less than \$50,000 or
  - Vacant or residential property with appraised value less than \$25,000.
- Phase I Environmental Assessment is required on all real estate contributed for YOP credit, with the exception of existing residential structures. To find professionals qualified to do a Phase I Environmental Assessment, you may want to contact your local bank. Banks may require some of their clients to have a Phase I Environmental Assessment completed. You may also want to look in your local or regional telephone directory under Environmental Consultants for others who may be qualified.

(8) Used clothing does not qualify for credit. Only new items contributed by clothing manufacturers, distributors, or retailers are eligible.

(9) Contributions of food do not qualify for tax credits.

(10) Contributions of partial ownership interest in real estate do not qualify for YOP tax credits (i.e. full title must be given by the contributor in order for the contribution to qualify for credit).

(11) If only a portion of contributed real estate is to be used for activities covered under this agreement, YOP tax credits will be prorated according to the proportion of the property that is to be used for the YOP project.

(12) If only a portion of the value of a non-cash gift is contributed, YOP tax credits will be based on the amount discounted from what the value of the contribution would have been had the item been contributed outright.

## **Eligible Contributors**

<b>Taxpayer</b>	<b>RSMo Chapter</b>	<b>Tax Liability Type</b>
Banks & Other Financial Institutions	148	Financial Institutions Tax
Corporations	143 and 147	Income, corporate and Franchise Tax
Express Companies	153	Gross Receipts Tax
Individual	143	Income Tax
Insurance Companies	148	Gross Premium Receipts Tax
Limited Liability Company	143 and 147	Individual Members' Income Tax and Corporate Income Tax
Partnerships	143	Individual Partners' Income Tax
S-Corporations	143	Individual Shareholders' Income Tax
Sole Proprietorships	143	Individual Income Tax

The amount of the tax credit claimed shall not exceed the amount of the taxpayer's liability in the tax year that the credit is claimed. Any portion of the tax credit not claimed by the taxpayer in the tax year the contribution was made may be carried over the next five succeeding tax periods. The total YOP tax credits approved for a contributor shall not exceed \$200,000 per tax year.

In cases where one individual is not claiming the entire tax credit, such credits shall be apportioned to those entities in proportion to their share of ownership on the last day of the taxpayer's tax period.

## **Approval and Processing of Tax Credits**

(1) Businesses, organizations, or individuals wishing to apply for tax credits must complete a Tax Credit Application, Form CDTC-770.

(2) Tax credit applications are to be completed and signed by the Project Director (or authorized person under Appendix B of the YOP Agreement).

- (3) Tax credit applications must be submitted to the YOP office no later than one year following the date of contribution. Applications submitted more than one year following the date of contribution will be void and the tax credit forfeited.
- (4) The order in which tax credit applications are received by the Department will determine the order in which credits are processed.
- (5) All tax credit applications must have original signatures and must be notarized.
- (6) Verifying documentation must accompany each tax credit application and must be attached to the tax credit application. The required verifying documentation for the contribution depends on the type contribution, and may include, but is not limited to, one of the following:
  - (A) **MONETARY CONTRIBUTIONS** must be in the form of personal check, money order, cashiers check, electronic transfer or credit card transaction.
    - (1) Check: A photocopy of the front and back of the canceled check (must be legible).
    - (2) Credit Card: Transaction receipt with the project name, name and address of the contributor, and amount of contribution. Credit card statement also may be accepted (must be legible).
    - (3) Money Order : Copy of original document with project name and YOP reference number, name of contributor and amount of contribution (must be legible).
    - (4) Electronic Transfers: Copy of the original authorization form from the contributor stating the amount to be deducted from the contributor's account, how often the deductions are to occur (i.e. one time, weekly, monthly, etc.) and the date the deductions are to begin and end. One application for these contributions must be submitted quarterly or at six-month intervals totaling the amount to date that has been contributed. (must be legible)
    - (5) Cashiers Check: Photocopy of the canceled cashiers check.
    - (6) Employee Payroll Deduction: Initial form authorizing the organization to deduct money from the employee's paycheck, indicating the time frame for which the deduction is to take place, the amount of the deduction for each pay period, the number of pay periods and the total to be deducted. Also include a statement indicating the total amount that was deducted from the employee's paycheck during the time frame, which has both the employee's and employer's signatures.
  - (B) **STOCKS AND BONDS CONTRIBUTIONS** require documentation from the broker of the transfer of stocks or bonds from the donor to the agency using documentation from the donor's broker. Indicating the name of the securities, # of shares, date of transfer and market value on the date of transfer. As well as documentation from the broker of sale of stocks or bonds by the agency indicating the name of the security and number shares
  - (C) **REAL ESTATE CONTRIBUTIONS** shall have a copy of the deed, the required number of appraisals and a Phase I Environmental Site Assessment if applicable.
    - (1) Appraisals are required for real or personal property contributions. The contribution shall be equal to the lowest of at least two qualified independent appraisals, with the following exceptions: commercial property whose value is less than fifty thousand dollars and vacant or residential property which value is less than twenty-five thousand dollars will require only one appraisal. State-licensed or certified appraisers must perform all appraisals.

- (2) Documentation is required of comparable market value of the rental or the actual rental value, which ever is less, when the full title of real or personal property is not transferred and use of property is offered.
- (3) Phase I Environmental Site Assessment is required on all real estate contributed for YOP credit or purchased using YOP contributions.
- (D) **EQUIPMENT OR SUPPLIES** contributions shall have a copy of the invoice or other documentation showing the cost to the contributor or current fair market value, whichever is less. When contributions consist of the use of items, the amount of the contribution shall equal the actual cost of the item's use to the contributor, but not more than the fair market value of that use. Fair market value and cost to the contributor shall be determined by the Department and may be based on the applicant's support of the amounts by documentation either from the applicant itself or from an independent appraiser.
- (E) **FOR WAGES PAID TO YOUTH** participating in intern/apprenticeship or employment projects there shall be a copy of the employer's payroll record, along with the wages paid statement signed by the employee and employer itemizing the total number of hours worked (reg./overtime) and the employee's hourly gross wages. The wages paid statement may be obtained by contacting YOP.
- (F) **OTHER TYPES OF CONTRIBUTION** or forms of verification must be approved by YOP and the Department prior to applying for credit.
- (7) If the tax credit application or verifying documentation is illegible, or if the contribution is determined to be ineligible, the project will be notified and materials returned to the project. YOP is not be responsible for notifying individual contributors of ineligible contributions for tax credits.

### **Claiming the Tax Credit**

Upon approval of the tax credit application, a Tax Credit Certification will be issued to the contributor. The following criteria must also be met in order for the contributor to claim the credit:

- (1) To claim the tax credit on your taxes, the Department of Revenue form MO-TC is needed. To obtain this form please contact the Department of Revenue at 800-877-6881 or download it from their website at [www.dor.state.mo.us](http://www.dor.state.mo.us).
- (2) The Department of Economic Development will transmit in writing to the Department of Revenue the necessary information on the amount of tax credits approved for each taxpayer.
- (3) In the event that tax credits were improperly approved, the Department will notify the taxpayer of the reason for the adjustment and notify the Department of Revenue that the tax credits have been adjusted and the reason for the adjustment.
- (4) The tax credits are not transferable, refundable or sellable.

### **Contact Information for the Youth Opportunities Program:**

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